

Professional Privilege Tax

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In 1992, the General Assembly of the State of Tennessee declared that engaging in certain vocations, professions, businesses and occupations was a privilege taxable by the state. Governor Ned McWherter then signed into law the Professional Privilege Tax and the Department of Revenue began collecting the tax from persons engaged in the professions determined to be taxable by the General Assembly. A number of professionals in Tennessee are subject to the tax, including accountants, attorneys, physicians, brokers and a number of other licensed professionals. In 2002, the General Assembly raised the amount of the annual tax from \$200 to \$400.

All architects, landscape architects and engineers registered in Tennessee and in active practice as of June 1 in a given year are required by State law to pay to the State of Tennessee a professional privilege tax in the amount of \$400. The tax is collected by the Commissioner of Revenue and all monies collected hereunder are deposited in the general fund. This law applies to all persons registered to practice these professions as of June 1, whether or not they are Tennessee residents. The professional privilege tax does not apply to registered interior designers.

Under applicable law and pursuant to a Board policy, certain registrants may qualify for inactive status for the purpose of claiming an exemption from the tax. A registrant who does not engage in any activity constituting the practice of architecture, engineering or landscape architecture (including advertising and solicitation) may claim inactive status by filing an affidavit to that effect with the Board. Once the affidavit establishing inactive status is acknowledged and approved by the Board, the registrant should notify the Department of Revenue of his or her inactive status. A registrant may return to active status by so notifying the Board. The Board will also file all the affidavits establishing inactive status which it receives.

In claiming inactive status, the registrant should be aware of a number of considerations. In order to qualify for exemption from the tax, the registrant must claim inactive status prior to June 1; a return to active status at any time during the year will render the registrant subject to the tax. Practice includes the public use of the titles "architect," "engineer," "landscape architect" or any other title implying that the individual is an architect, engineer or landscape architect and any offer to render architectural, engineering or landscape architectural services in this state.

If a registrant claims inactive status for the purpose of avoiding the professional privilege tax and thereafter continues to engage in the active practice or any activity construed by the Board to be active practice, that registrant may be found guilty of misconduct and subject to disciplinary action, which could include the assessment of substantial civil penalties and/or the suspension or revocation of the registrant's certificate of registration.

A registrant claiming inactive status is still subject to the biennial renewal fee of his or her certificate and will continue to receive the renewal notifications.

The affidavit for inactive status is available at the Board's website, or you may contact the Board office at 615-741-3221 or 800-256-5758 to obtain a copy.

For questions regarding the tax, registrants may contact the Department of Revenue, Taxpayer Services Division at **800-342-1003** (in-state only) or **615-253-0600**.

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